

FISCAL NOTE

SB 1711 - HB 1447

January 21, 2004

SUMMARY OF BILL: Requires the state insurance committee to provide an insurance plan for retired state employees and their dependents including retired employees of state universities and community colleges. The state would be required to pay at least 80% of the cost of each individual's participation. Two groups of state employees would be affected, 1) Medicare eligible retirees and 2) pre-Medicare retirees.

The Medicare eligible retirees *are not* currently covered by a state plan, their eligibility for coverage expires when they become Medicare eligible. However, the state does pay a fixed amount toward a state-sponsored Medicare supplemental coverage based upon their years of service to the state. This fixed payment ranges from \$20 to \$40. Under this bill, the state would be required to include this population in the State Plan, the Medicare eligible retiree would pay 20% of the monthly premium. The committee may, at it's discretion, require co-payments and deductibles for participants in the plan.

The pre-Medicare eligible retirees *are* currently covered by the state plan, if they meet certain criteria. The state pays a variable portion of their premium based upon their years of service. The percentage paid by the retiree ranges from 20% to 40%. Under this bill, the retiree portion of the premium would be reduced to 20 % for the entire population of pre-Medicare eligible retirees.

ESTIMATED FISCAL IMPACT:

	Scenario A		Scenario B
Increase State Expenditures -	\$10,125,000	or	\$21,361,000

Estimate assumes:

- *Scenario A* - If the state insurance committee decides to require co-payments and deductibles for the Medicare eligible retirees, then the increase in state expenditures will be \$10,125,000.
- *Scenario B* - If the state insurance committee decides not to require co-payments and deductibles for the Medicare eligible retirees, then the increase in state expenditures will be \$21,361,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director